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RUEHKO/AMEMBASSY TOKYO 1224  
RHEBAAA/DEPT OF ENERGY WASHDC  
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RUEKJCS/SECDEF WASHDC 0611  
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UNCLAS SECTION 01 OF 02 ASTANA 000193

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SUBJECT: KAZAKHSTAN: ASTANA MAYOR TASMAGAMBETOV DETAILS PLANS FOR CITY, ARGUES KAZAKHSTAN HAS COME A LONG WAY

¶1. (U) Sensitive but unclassified. Not for public Internet.

¶2. (SBU) SUMMARY: Astana Akim (Mayor) Imangali Tasmagambetov told the Ambassador on January 28 that government assistance is facilitating a recovery of Astana's construction sector. He maintained that signature projects in the city's government quarter remain on track for completion. Tasmagambetov argued that utilities and transport are actually a bigger concern than construction, with plans underway to improve the city's supply of electricity and water and build a light rail system. He later turned the conversation toward broader horizons, stressing how far Kazakhstan has come during its 17 years of independence and praising President Nazarbayev's leadership. END SUMMARY.

#### GOVERNMENT ASSISTANCE HELPS CONSTRUCTION SECTOR

¶3. (SBU) Astana Akim (Mayor) Imangali Tasmagambetov opened a January 28 meeting with the Ambassador by offering congratulations on the inauguration of President Obama. He told the Ambassador that Astana has come a long way during the 10 years it has been the country's capital. When he first came to Astana (which was then known as Aqmola), it was little more than a provincial town, with no evidence that it could be transformed into a capital. Now it is a modern city that meets international standards. Tasmagambetov said that government assistance is facilitating a recovery of Astana's construction sector -- which crashed in August 2007, when the global financial crisis first hit Kazakhstan. According to Tasmagambetov, the most serious problems have already been overcome, with 50% of frozen projects finished off last year. (NOTE: In fact, a certain number of buildings were "finished" only on the outside so that they'd look better for Astana's 10th anniversary celebration on July 6, 2008. END NOTE.) As far as he is concerned, there were many positive aspects to the construction crash. Artificially high real estate prices have already fallen by 40 percent, and the government has undertaken steps to protect the rights of investors and ensure that construction companies are financially viable and that construction is high quality.

#### SIGNATURE PROJECTS ON TRACK

¶4. (SBU) Tasmagambetov maintained that signature projects in Astana's government quarter remain on track. He said work is

continuing on the privately-financed Khan Shatyry -- a 500-foot-tall translucent tent designed by British architect Sir Norman Foster. While the high-tech tent material can only be put up in the spring, when the weather is warmer, Tasmagambetov nevertheless expected the project to be completed by July (presumably for Astana's July 6 "city day"), through he maintained it would be better to finish the project late, rather than rush the work and sacrifice quality. He said Astana's new concert hall, designed by the Italian-Kosovar architect Piccoli with seating for 3,500 people, should also be completed by July. He alluded to certain engineering problems, but insisted work is continuing on the interior. (NOTE: Later the same day, the Italian Ambassador told the Ambassador the project is a "migraine headache." The engineering problem Tasmagambetov alluded to was, in fact, the recent collapse of one section of the avant-garde, technologically complex design. END NOTE.)

#### PLANS TO IMPROVE UTILITIES, TRANSPORT

¶5. (SBU) According to Tasmagambetov, utilities and transport are a bigger concern for the city government than construction projects. He explained that the original plan was for Astana's population to top off at 450,000 people, but because of unexpectedly high internal migration, the city has already grown to almost 700,000 residents, with the population expected to reach one million by 2012. From his perspective, this is a positive development, because the higher population makes Astana more economically viable, especially for the development of small- and medium-sized enterprises. However, the rapid population growth has put a strain on existing utilities and transport capacity. Plans are thus underway to significantly increase the city's electricity supply. Two power plants have been renovated, and construction will begin on a third one -- a one billion dollar project -- in mid-2009. The Japanese have provided

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loans for a water supply project, which includes construction of pumping and filtration stations and 100 kilometers of new water mains. On the transport side, the government will issue a tender in March for a light-rail system that is expected to cost about one billion dollars.

#### KAZAKHSTAN HAS COME A LONG WAY

¶6. (SBU) Tasmagambetov later turned the conversation toward broader horizons, stressing how far Kazakhstan has come during its 17 years of independence and praising President Nazarbayev's leadership. According to Tasmagambetov, the country carries heavy historical baggage -- ranging from gulags to atmospheric nuclear tests to an older generation that still doesn't understand today's values and harkens back to a period when the government guaranteed everything -- yet it has still managed to take remarkable strides forward. He pointed in particular to Nazarbayev's decision to give up the country's nuclear weapons -- a decision more difficult, he claimed, than Ukraine's, because the Kazakhstanis had all the elements necessary to continue a nuclear program, including a test site, a nuclear-scientific city (Kurchatov), and an indigenous uranium supply, and were being encouraged by the Russians to keep the test site open for several years. Tasmagambetov also singled out Nazarbayev's decision to sign a 1992 agreement with Chevron to develop the Tengiz oil field. In hindsight, it's easy to criticize Nazarbayev for offering very favorable terms to Chevron, but the company was taking a big risk, not knowing what would happen with the future of the country, he argued. The situation in Kazakhstan is more complicated than in some of the other Central Asian states, because Kazakhstan has a multi-ethnic, multi-confessional society. On a particularly encouraging note, Kazakhstan has managed generational change, with a new post-Soviet generation, positively disposed toward the West, taking over top-level government positions from the old Communist Party leadership, Tasmagambetov pointed out.

¶7. (SBU) COMMENT: Tasmagambetov is a trusted Nazarbayev lieutenant whose career has tracked closely with the President's for several decades. In 1989, when Nazarbayev was named First Secretary of the Communist Party of the Kazakh SSR, Tasmagambetov was appointed to head the Party's Komsomol youth wing. In the post-Soviet period, Tasmagambetov has served stints as Prime Minister, State Secretary,

and Presidential Administration head. He has a reputation as a man who can get things done. In April 2008, Nazarbayev brought Tasmagambetov back from Almaty, where he had been Akim since 2004, to make him Astana Akim. Tasmagambetov then kick-started a breakneck effort to whip the city into shape for its 10th anniversary celebration, finishing off a number of long-stalled construction projects (and repaving virtually every major road in the city simultaneously). The 52-year-old Tasmagambetov is often considered a potential successor to Nazarbayev, and his foray into broader issues during his meeting with the Ambassador is an indication that he has an eye on national-level politics. Some public opinion polling indicates that Tasmagambetov is the second most respected political figure in the country after Nazarbayev (though a distant second, of course). At the same time, he has no shortage of detractors. During his tenure as Almaty Akim, Tasmagambetov was consistently pilloried by the opposition press for his and his family's alleged corruption, and for the callous way he dealt with migrants to Almaty who built dwellings without appropriate legal documentation. On the issue of Astana's construction sector, we are less sanguine than Tasmagambetov. From what we have heard from other sources, a lot of unfinished residential construction projects could remain idle for several years or longer. END COMMENT.

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